

Message Text

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ORIGIN ARA-06

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

AMCONSUL RECIFE

USCINCSO

XMT AMEMBASSY SANTO DOMINGO

AMEMBASSY SANTIAGO

AMEMBASSY MONTEVIDEO

C O N F I D E N T I A L STATE 089561

LIMDIS

OLLOWING REPEAT SANTO DOMINGO 1703 ACTION STATE APR

17

QUOTE

C O N F I D E N T I A L SANTO DOMINGO 1708

LIMDIS

DEPT PLEASE PASS INFO ARA POSTS

FROM AMBASSADOR

E.O. 11652: GDS

TAGS: PINT, DR

SUBJECT: MEETING WITH PRESIDENT BALAGUER: LA SUGAR PRODUCERS

AT PUERTO PLATA

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1. DURING MEETING WITH PRESIDENT BALAGUER I RAISED

THE SUBJECT OF THE LA SUGAR PRODUCERS' MEETING AT PUERTO PLATA. AFTER ALLUDING TO HIS FEB 27 POLICY STATEMENT, I EXPRESSED SOME CONCERN THAT THERE MIGHT EMERGE FROM THE PUERTO PL

TA MEETING A SUGAR PRICE-FIXING SCHEME UNILATERALLY DEvised BY THE PRODUCERS. BALAGUER REPLIED THAT THE GODR WOULD NOT RPT NOT BE PARTY TO ANY SUCH ARRANGEMENT AND WOULD DO ITS UTMOST TO PREVENT ITS COMING INTO BEING. HE CONTINUED THAT HE REGARDED THE MEETING TO BE A TECHNICAL ONE WHICH HE WOULD NOT ATTEND. HE THOUGHT THAT MEANS SHOULD BE DEvised AT THE MEETING FOR BROADER EXCHANGE OF INFORMATION REGARDING CURRENT AND FUTURE MARKET CONDITIONS. EVENTUALLY, AFTER CONSIDERABLE DISCUSSION BETWEEN CONSUMERS AND PRODUCERS SOME METHOD OF STABILIZING, BUT NOT FIXING, PRICES MIGHT BE FOUND TO BE FEASIBLE IN ORDER TO AVOID "BOOM OR BUST" CYCLES. IN THIS REGARD, HE FOUND THE U.S. POSITION AT THE COFFEE MEETING AS REPORTED IN THE LOCAL PRESS TO BE CONSTRUCTIVE AND PERHAPS APPLICABLE TO SUGAR AS WELL.

2. I SUGGESTED THAT, IN ADDITION TO THE EQUITIES OF BOTH CONSUMER AND PRODUCER, A THIRD IMPORTANT CONSIDERATION WAS THAT OF REALISTIC PRICES I.E. THOSE THAT WERE NOT SO ARTIFICALLY HIGH AS TO STIMULATE SUBSTANTIAL ADDITIONAL PRODUCTION AND/OR SUBSTITUTES. THE PRESIDENT AGREED THAT IT WAS A COMPLEX PROBLEM

ABOUT WHICH CONSIDERABLY MORE KNOWLEDGE WAS REQUIRED BEFORE DECIDING HOW BEST TO PROTECT EVERY ONE'S INTEREST.

3. BALAGUER APPEARED CONFIDENT THAT MOST COUNTRIES ATTENDING WOULD ADOPT MODERATE AND CAUTIOUS POSTURES WITH RESPECT TO ANY DISCUSSION OF PRICING MECHANISM THAT MIGHT ARISE. CUBA AND PERHAPS MEXICO ("RADICAL" COUNTRIES IN HIS VIEW) MIGHT TRY TO PUSH FOR PRICE AGREEMENTS, BUT HE DOUBTED THAT THEY WOULD SUCCEED. HURWITZ UNQUOTE KISSINGER

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